

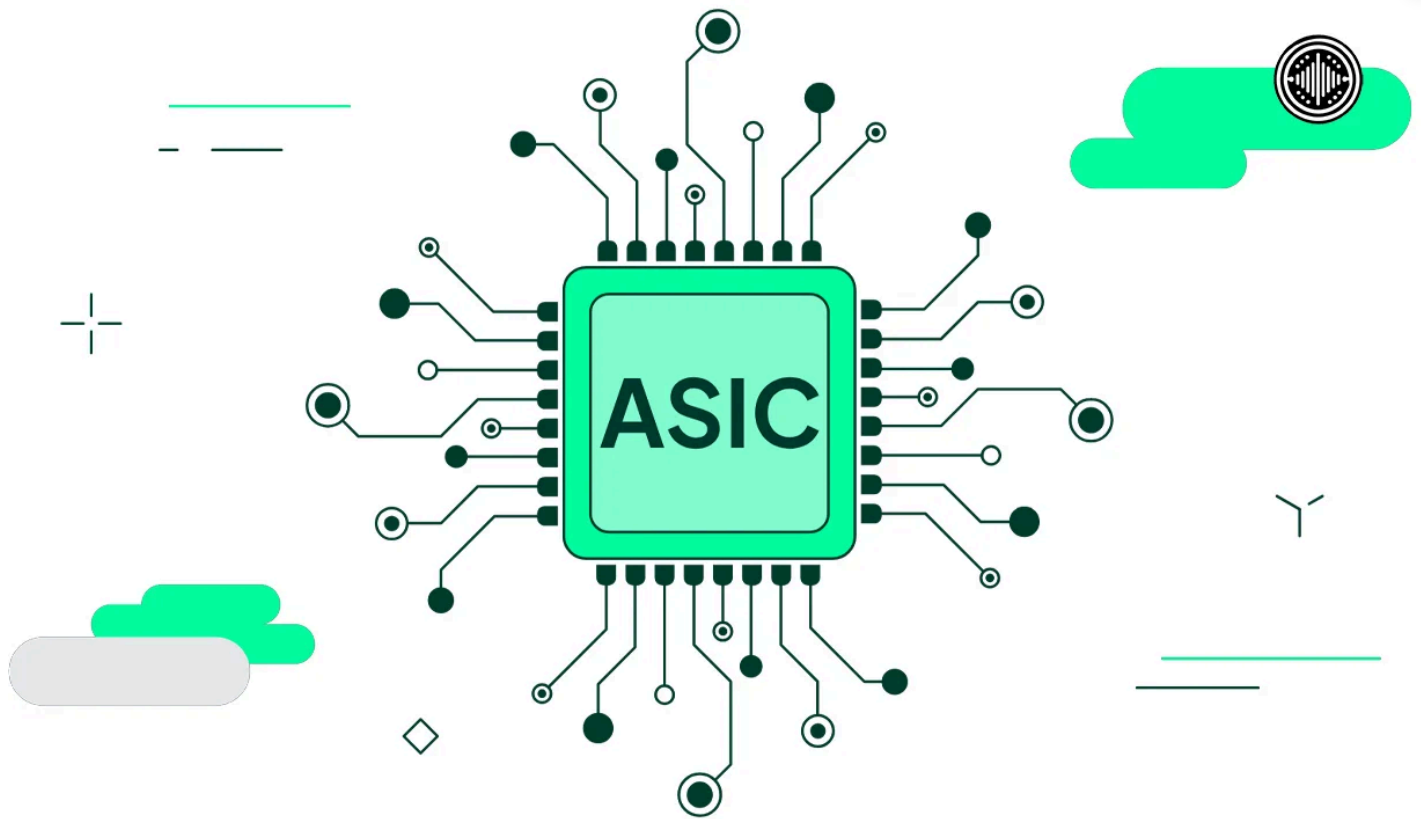
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## ASIC Puts \$20 Billion Private Credit Giant Metrics Under the Microscope

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Australia’s booming private credit sector has come under the spotlight as the Australian Securities and Investments Commission (ASIC) intensifies scrutiny of major market player Metrics Credit Partners Pty. With approximately \$20 billion under management, Metrics is now the subject of a focused investigation amid growing concerns around loan valuation methods and governance practices. The probe is part of a broader two-year review by the corporate watchdog targeting transparency and accountability in private market investing.

What sets Metrics apart and raises eyebrows is its deep exposure to real estate lending, a sector particularly sensitive to interest rate fluctuations and economic uncertainty. ASIC's investigation, according to sources familiar with the matter, zeroes in on specific transactions and internal processes at Metrics, suggesting potential weaknesses in how risk is assessed and communicated to investors. Given the firm's significant footprint in Australia's private credit market, the regulator's actions could set a precedent for similar non-bank lenders operating with minimal oversight.

Private credit, often marketed as a flexible and high-yield alternative to traditional bank loans, has ballooned in recent years, largely due to banks tightening lending standards. However, the absence of transparent price discovery mechanisms typical in public markets means that private credit fund managers have greater leeway in how they value their portfolios. This subjectivity can pose significant risks to both institutional and retail investors, especially if the values assigned to underlying assets are overly optimistic or based on inadequate models.



As the sector matures, ASIC's involvement signals a shift toward more robust oversight. But while regulatory diligence is essential, it's equally important not to stifle the innovation and risk appetite that makes private credit a vital source of capital for underserved parts of the economy. What the Metrics probe ultimately highlights is a need for balance: maintaining investor confidence without choking the very market dynamics that drive capital formation and growth. Investors would be wise to take this as a cautionary tale; returns in private credit may be enticing, but without rigorous governance and transparency, the risk may well outweigh the reward.